No. 80-1497

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In the Supreme Court

OF THE

United States

OCTOBER TERM 1980

AB TURN-O-MATIC,
Petitioner,

VS.

SVEN TVETER,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Respondent, Sven Tveter, opposes the petition for writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit, filed and entered on December 4, 1980.

A SUPPLEMENTAL STATEMENT OF THE CASE

A. Background of the Parties

The petitioner, AB Turn-O-Matic, is a Swedish corporation having its principal place of business in Sundyberg, Sweden. It is a multi-national corporation and has agents and distributors throughout the world. Turn-O-Matic acquired its ownership of the patent in suit by an assignment from Ake Ehrlund. The ticket dispensers and tapes were produced by Turn-O-Matic in Europe. Other products sold

by Turn-O-Matic were plastic baskets, aluminum extension brackets, marking pens, price markers, ticket number displays, shopping carts, plastic soap holders and soap.

Sven Tveter, the respondent, is an individual residing in Saratoga, California, and is doing business in Santa Clara, California, as SGT Enterprises. He has only one employee, namely his secretary. The products sold by SGT Enterprises are ticket dispensers, ticket tapes and an electronic number display.

B. The Decisions Below

By order of the District Judge and by stipulation of the parties, the trial was held before a Magistrate. The Magistrate recommended that the entire 217 findings of fact and the entire 86 conclusions of law be adopted by the District Judge without changing a single word, without adding a single word and without deleting a single word (Appendix to Petition, pages 19-131). Not one of the respondent's 45 findings of fact was accepted by the Magistrate and not one of the defendant's conclusions of law was accepted by the Magistrate.

An Appeal was taken before the Court of Appeals of the Ninth Circuit. The Circuit Court of Appeals declared U.S. Patent No. 3,885,724 invalid for obviousness. As to the matters of unfair competition and trademark infringement, the case was remanded to the District Court for further proceedings consistent with the opinion of the Court of Appeals. (Appendix to Petition, page 17) The judgment and injunction entered by the District Court were vacated. As this cause now stands, it is pending before the District

Court for further proceedings consistent with the opinion of the Court of Appeals.

Because the Court of Appeals was able to dispose of the patent infringement action on the invalidity of the patent in suit, the Court of Appeals did not review the following issues:

(a) Whether the Tveter dispenser fell within purview of the claims of the patent in suit;

(b) Misuse of the patent;

(c) Violation of Rule 56 of The Rules of Practice of the United States Patent Office.

Scandus, Inc., a United States distributor for the petitioner, was joined with the petitioner as a party plaintiff. For some time prior to the filing of the complaint in the present cause, Scandus, Inc., without success, sought to make Fred Wagner a Turn-O-Matic distributor. Fred Wagner, was a distributor for the respondent, Sven Tveter. Fred Wagner testified that he received a communication from the president of Scandus, Inc. stating that Turn-O-Matic has a war chest of $150,000 to spend on litigation to break the back of Tveter. (Trial Transcript, page 949, lines 1-21) Plaintiff's attorneys sent Fred Wagner a copy of plaintiff's pleading for its motion for preliminary injunction, which motion was denied. Fred Wagner was not a party to the action.

The petitioner filed a second action for infringement of the patent in suit against Henry Nakagawa and Industrial Plastic Products, Inc. Industrial Plastic Products, Inc. is owned and operated by Henry Nakagawa. Henry Nakagawa, who was the sole supplier of dispensers for the

respondent, Sven Tveter, testified that the mold for producing the Tveter dispenser is owned by Tveter. Nakagawa informed petitioner that the mold, in fact, was the property of Tveter. In spite of this information, Nakagawa received communications from petitioner advising Nakagawa that by giving the mold to the petitioner and Scandus, Inc., he would not be sued for infringement of the patent in suit. Nakagawa refused to convert the property of the respondent, Tveter, to the petitioner and Scandus, Inc., and to commit the act of an unlawful and tortious conversion. As a consequence thereof, the infringement suit was filed against Nakagawa. (Trial Exhibit AD; Trial Transcript, page 927, line 28—page 930, line 7; page 852, line 5)

It is only an issued patent that gives rise to a right to sue for patent infringement (35 U.S.C. § 271). While the application issuing into the patent in suit was pending before the United States Patent and Trademark Office, the petitioner and Scandus, Inc., threatened the following organizations with a patent infringement suit, should they purchase dispensers from Tveter: Sears, Roebuck & Co., Fred Wagner, Baskin-Robbins 31 Ice Cream Stores, and Pacific Butchers, Inc. (Trial Exhibits AB and AN; Trial Transcript, page 947, line 13-page 949, line 21; page 969, lines 21-25; page 975, line 16-page 977, line 1; page 978, lines 16-18; page 643, line 14-page 647, line 10; page 667, line 27-page 668, line 4; page 686, line 28-page 690, line 2; page 691, line 12-page 694, line 23.)

The petitioner's statement of the case as to the opinion of the Court of Appeals is inaccurate. On page 3, of the Petition for Writ of Certiorari, the petitioner states:

With its own offhand unsupported determination that the patented ticket dispenser would not produce a synergistic result, the Court of Appeals held that lacking a necessary synergistic result the patent was invalid for obviousness.

The Court of Appeals actually stated (Appendix to Petition, pages 10 and 11):

> *Appellees* [Petitioner] contend the Ehrlund device meets the not "obvious" standard because the combination of old elements is "synergistic", i.e., "result[s] in an effect greater than the sum of the several effects taken separately." *Anderson's Black Rock v. Pavement Co.* 396 U.S. 57, 61 (1976). Appellees [Petitioner] cite the following exchange with their expert witness:
>
> Q. In your opinion, does the device of the patent produce a synergistic result?
>
> A. Yes, it does, indeed. As I have already described it, it permits several things to happen at the same time. That is it permits a ticket, a single ticket, to be dispensed with one hand without moving parts other than the ticket strip itself in the casing, and such a way that the next ticket is not touched by the person who pulls off the previous ticket, or anyone else for that matter.

The Court of Appeals further stated that:

> This description accurately mirrors Borden's 1940 patent (No. 2,221,213) for a simple cellophane tape dispenser, cited as prior art by the patent examiner. (Italics added for emphasis. Bracketed words added for clarity.)

The Court of Appeals in the present cause never held that synergism is a requirement for unobviousness of in-

vention under 35 U.S.C. § 103. The Court of Appeals in the present cause never "held that lacking a necessary synergistic result the patent was invalid for obviousness". The petitioner not only misquoted the Court of Appeals, but also had misconstrued the reasoning of the Court of Appeals.

It is the petitioner that contended the patent in suit met the not "obvious" standard, because the combination of old elements is synergistic (Petitioner's appendix, page 10; Brief for Appellees before Court of Appeals on page 21.) The Court of Appeals never required a synergistic result for the "unobvious" standard. The decision by the Court of Appeals merely demonstrated that the argument made by the petitioner urging that a synergistic result meets the "unobvious" standard was factually not persuasive, because the purported synergistic result was not surprising, not expected or not unusual. As stated by the Court of Appeals, the purported synergistic result was disclosed in the patent to Borden, No. 2,221,213.

The Court of Appeals reached the decision that Patent No. 3,885,724 was invalid by reasoning as follows (Appendix to Petition, pages 11 and 12):

> As we said in *Kamei-Autokomfort v. Eurasian Automotive Products*, supra, 553 F.2d at 609, quoting our earlier decision in *Rex Chainbelt v. Harco Product, Inc.* 512 F.2d 993, 1000 (9th Cir. 1975): "What we have here is: 'an improved product but not an innovatively different one . . . . [W]e see the development and refinement of an old concept . . . but not an inventive or new approach to the problem.'"

The Court of Appeals further reasoned that the patent in suit was invalid, because it did not evidence the application of a new principle or the achievement of a surprising or unexpected result required to satisfy the severe test for patentability of a combination of elements old in the art. Hence, the patent in suit is invalid under 35 U.S.C. § 103, in that the subject matter sought to be patented as a whole was obvious in view of the prior art. There is no application of the requirement of a synergistic result in the reasoning of the Court of Appeals for holding the patent in suit invalid.

ARGUMENT

1. No Federal Question Presented

The question presented for review by Turn-O-Matic is not within the provisions of Rule 19 of this Court. The Court of Appeals in this cause has not rendered a decision in conflict with the decision of another Court of Appeals on the same matter. The Court of Appeals in this cause never held that synergism is a requirement for unobviousness of the invention under 35 U.S.C. § 103.

2. Petitioner's Question

The petitioner's question is premised upon an erroneous conclusion of the decision of the Court of Appeals. The Court of Appeals never held in the present cause that synergism is a requirement for unobviousness of the invention under 35 U.S.C. § 103. Moreover, there is no basis in the patent to support any doctrine of synergism. The purported results volunteered by petitioner's expert neither appear in the specification nor in the claims of the patent in suit.

3. The Findings of Facts and Conclusions of Law Recommended By The Magistrate Do Not Represent His Independent Thought and Research

The petitioner proposed 217 findings of fact and 86 conclusions of law. The Magistrate in his findings (Court of Appeals Appendix, page 1a, Magistrate's Findings) recommended that the Court adopt the proposed findings of fact and conclusions of law as submitted by the petitioner without changing, adding or deleting a single word. On the other hand, the Magistrate rejected each and every one of the respondent's proposed findings and conclusions. This does not represent the independent thought and research of the Magistrate.

Findings which are not the product of the lower tribunal's independent thought and research must be scrutinized carefully. *United States v. El Paso Natural Gas Co.* 376 U.S. 651 (1964)

CONCLUSION

The petitioner in an effort to find some basis for review by this Court had distorted the decision of the Court of Appeals. The petitioner urges that the Court of Appeals held the patent in suit invalid for the want of a synergistic result. The Court of Appeals held the patent in suit invalid because the invention claimed as a whole was obvious, and hence failed to meet the standard for invention under 35 U.S.C. § 103 without premising the obviousness on a lack of a synergistic result.

After giving a careful analysis to the teachings of the art of record, the Court of Appeals did not address the question of whether a synergism analysis was warranted on the facts of the present cause, because the patent in suit was so blatantly void of any invention. It is submitted that the alleged conflict between the decision of this cause by the Ninth Circuit Court of Appeals and the remaining Circuits is illusory and unfounded. It does not, in fact, exist.

Respectfully submitted,

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